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COMMONWEALTH OF VIRGINIA

STATE CORPORATION COMMISSION

AT RICHMOND, JULY 23, 1999

APPLICATION OF

COMMONWEALTH PUBLIC
SERVICE CORPORATION

CASE NO. PUE990438

For a General Increase in
Rates and to Revise its
Tariffs

ORDER FOR NOTICE AND HEARING

On June 29, 1999, Commonwealth Public Service Corporation ("Commonwealth" or "the Company") filed a general rate application, requesting authority to increase its rates and charges for natural gas service and to revise its tariffs. The proposed rates are designed to increase Commonwealth's revenues by \$36,547 to provide a 10.5% return on equity. The Company's application and supporting testimony and exhibits are filed based on a test period consisting of twelve months ending March 31, 1999. In its application the Company requested that its proposed rates and charges and tariff revisions become effective, subject to refund, for services rendered on and after July 29, 1999. The Company plans to put rates in effect using MCF billing with a BTU normalization adjustment. The Company proposes to start therm billing after its rates are final.

Commonwealth also proposes to revise its tariffs. The Company proposes to include a Distribution System Renewal Surcharge which would allow the Company to recover the annual incremental carrying cost and increased depreciation expense associated with the Company's ongoing distribution system renewal program. Additionally, Commonwealth proposes to introduce an unmetered gas light service schedule and to align its tariffs and terms and conditions of service with those of the Roanoke Gas Company, which alignment includes conversion from cubic feet based rates to therm based rates and implementation of monthly balancing for all transportation customers.

On July 16, 1999, the Commission entered its Preliminary Order docketing this proceeding and suspending the Company's proposed rates and revisions to its tariffs to and through November 26, 1999.

NOW THE COMMISSION, having considered the application and the accompanying prefiled direct testimony and exhibits, is of the opinion that Staff should investigate the reasonableness of the proposed rates, charges, and revisions to the Company's tariffs and that a hearing should be scheduled to receive evidence relevant to the application. The Commission also is of the opinion that a Hearing Examiner should be appointed and that

a procedural schedule should be established for the filing of pleadings, testimony and exhibits. Accordingly,

IT IS ORDERED THAT:

(1) Pursuant to Rule 7:1 of the Commission's Rules of Practice and Procedure ("Rules"), a Hearing Examiner is appointed to conduct all further proceedings in this matter.

(2) A public hearing before a Hearing Examiner shall be held on November 22, 1999, commencing at 10:00 a.m., in the Commission's Second Floor Courtroom located in the Tyler Building, 1300 East Main Street, Richmond, Virginia, for the purpose of receiving evidence relevant to the Company's application.

(3) The appropriate members of the Commission's Staff shall investigate the reasonableness of the Company's application and present their findings and recommendations in testimony at the November 22, 1999, public hearing.

(4) A copy of this Order and the Company's application, prefiled testimony and other documents filed in this matter shall be made available for public inspection at the Commission's Document Control Center located on the first floor of the Tyler Building, 1300 East Main Street, Richmond, Virginia, from 8:15 a.m. to 5:00 p.m., Monday through Friday. Upon customer request, a copy of the Company's application, prefiled testimony and other documents filed in this matter also

shall be furnished by Commonwealth's counsel, Michael J. Quinan, Esquire, Woods, Rogers & Hazlegrove, PLC, 823 East Main Street, Suite 1200, Richmond, Virginia 23219.

(5) On or before August 31, 1999, the Company shall file with the Clerk of the Commission an original and twenty (20) copies of any additional direct testimony and exhibits it intends to present at the public hearing. A copy of the same shall be made available for public inspection as provided in paragraph (4) above.

(6) On or before October 1, 1999, any person desiring to participate as a Protestant, as defined in Rule 4:6, shall file with the Clerk of the Commission an original and twenty (20) copies of a Notice of Protest as provided in Rule 5:16(a) and shall serve a copy upon the Company. Service upon the Company shall be made upon Michael J. Quinan, Esquire, Woods, Rogers & Hazlegrove, PLC, 823 East Main Street, Suite 1200, Richmond, Virginia 23219, and upon any other Protestant.

(7) Within five (5) days of receipt of any Notice of Protest, the Company shall serve on each Protestant a copy of all material now or hereinafter filed with the Commission.

(8) Any person who expects to submit evidence, cross-examine witnesses, or otherwise participate in the proceeding as a Protestant, pursuant to Rule 4:6, shall file on or before October 15, 1999, an original and twenty (20) copies of a

Protest with the Clerk of the State Corporation Commission, c/o Document Control Center, P.O. Box 2118, Richmond, Virginia 23218, referring to Case No. PUE990438, and simultaneously shall send a copy thereof to the Company and to any other Protestant. Service upon the Company shall be made upon Michael J. Quinan, Esquire, Woods, Rogers & Hazlegrove, PLC, 823 East Main Street, Suite 1200, Richmond, Virginia 23219.

(9) The Protest shall set forth (i) a precise statement of the interest of the Protestant in the proceeding; (ii) a full and clear statement of the facts which the Protestant is prepared to prove by competent evidence; and (iii) a statement of the specific relief sought and the legal basis therefor. Any corporate entity or governmental unit that wishes to submit evidence, cross-examine witnesses, or otherwise participate as a Protestant must be represented by legal counsel in accordance with the requirement of Rule 4:8.

(10) On or before October 15, 1999, each Protestant shall file an original and twenty (20) copies of the prepared testimony and exhibits the Protestant intends to present at the public hearing, and simultaneously shall mail a copy of the foregoing documents to the Company's counsel at the address set out above and to other Protestants.

(11) On or before November 5, 1999, the Commission Staff shall file an original and twenty (20) copies of the prepared

testimony and exhibits Staff intends to present at the public hearing and shall serve a copy of each upon the Company's counsel at the address set out above and to each Protestant.

(12) The Company and Protestants shall respond to written interrogatories within five (5) business days after service. Protestants shall provide the Company, other Protestants, and Staff with any work papers or documents used in preparation of their prefiled testimony promptly upon request. Except as modified above, discovery shall be in accordance with Part VI of the Rules.

(13) On or before November 15, 1999, the Company shall file with the Clerk of the Commission an original and twenty (20) copies of all testimony it expects to introduce in rebuttal to all prefiled direct testimony and exhibits. Additional rebuttal evidence may be presented without prefiling, provided it is in response to evidence which was not prefiled but elicited at the time of the hearing, and provided further, that the need for additional rebuttal evidence is timely addressed by motion during the hearing and leave to present said evidence is granted by the Hearing Examiner. The Company shall serve a copy of its rebuttal testimony by overnight delivery or by hand-delivery upon the Staff and all other parties on or before November 15, 1999.

(14) Any person desiring to comment in writing on Commonwealth's application may do so by directing such comments, on or before October 1, 1999, to the Clerk of the State Corporation Commission, c/o Document Control Center, P.O. Box 2118, Richmond, Virginia 23218. Such comments shall refer to Case No. PUE990438. Any person desiring to make a statement at the public hearing concerning the application need only appear in the Commission's Second Floor Courtroom at 9:45 a.m. on the day of the hearing and identify himself or herself to the Bailiff.

(15) On or before August 31, 1999, the Company shall complete publication of the following notice to be published as display advertising (not classified), once a week for two consecutive weeks in newspapers of general circulation within Commonwealth's service territory:

NOTICE TO THE PUBLIC OF AN APPLICATION BY
COMMONWEALTH PUBLIC SERVICE CORPORATION TO
INCREASE ITS RATES AND CHARGES AND
TO REVISE ITS TARIFFS
CASE NO. PUE990438

On June 29, 1999, Commonwealth Public Service Corporation ("Commonwealth" or "the Company") filed a general rate application requesting authority to increase its rates and charges and to revise its tariffs. The proposed rates are designed to increase Commonwealth's revenues by \$36,547 to provide a 10.5% return on equity. The Company's application and supporting testimony and exhibits are filed based on a test period consisting of twelve months

ending March 31, 1999. Commonwealth also proposes to revise its tariffs to include a Distribution System Renewal Surcharge, to introduce an unmetered gas light service schedule, and to align its tariffs and terms and conditions of service with those of the Roanoke Gas Company, which alignment includes conversion from cubic feet based rates to therm based rates and implementation of monthly balancing for all transportation customers.

Interested persons are encouraged to review Commonwealth's application and supporting documents for details of these and other tariff revisions proposed in the Company's application.

The Commission has suspended the Company's proposed rates, charges and tariff revisions through November 26, 1999.

PLEASE TAKE NOTICE that while the total revenue requirement that may be approved is limited to the amount requested by Commonwealth, individual rates and charges, revenue apportionment, and the tariffs approved by the Commission may differ from those proposed by the Company.

The Commission has scheduled a hearing before a Hearing Examiner to begin at 10:00 a.m. on November 22, 1999, in the Commission's Second Floor Courtroom in the Tyler Building, 1300 East Main Street, Richmond, Virginia, to receive evidence relevant to the Company's application.

A copy of the Company's application, proposed rates, charges, and tariffs and accompanying materials may be requested from Commonwealth's counsel, Michael J. Quinan, Esquire, Woods, Rogers & Hazlegrove, PLC, 823 East Main Street, Suite 1200, Richmond, Virginia 23219. A copy of these documents is also available Monday through Friday, 8:15 a.m. to 5:00 p.m., at the Commission's

Clerk's Office, Document Control Center,
First Floor, Tyler Building, 1300 East Main
Street, Richmond, Virginia.

Any person desiring to comment in writing on the application may do so by directing such comments on or before October 1, 1999, to the Clerk of the Commission as provided below, c/o Document Control Center, P.O. Box 2118, Richmond, Virginia 23218. All comments must refer to Case No. PUE990438. Any person desiring to make a statement at the public hearing, either for or against the application, need only appear in the Commission's courtroom at 9:45 a.m. on the day of the hearing and identify himself as a public witness to the Commission's Bailiff.

Any person who expects to submit evidence, cross-examine witnesses, or otherwise participate in the proceedings as a Protestant pursuant to Rule 4:6 of the Commission's Rules of Practice and Procedure should promptly obtain a copy of the Order for Notice and Hearing from the Clerk of the Commission at the address set forth below for full details concerning the procedural schedule and instructions on participation.

All written communications to the Commission regarding this case should be directed to Joel H. Peck, Clerk of the State Corporation Commission, P.O. Box 2118, Richmond, Virginia 23218, and should refer to Case No. PUE990438.

Individuals with disabilities who require an accommodation to participate in the hearing should contact the Commission at 1-800-552-7945 (voice) or 1-804-371-9206 (TDD) at least seven days before the scheduled hearing date.

COMMONWEALTH PUBLIC SERVICE CORPORATION

(16) Commonwealth forthwith shall serve a copy of this Order on the Chairman of the Board of Supervisors of each county in which the Company offers service, and/or the Mayor or Manager of every city and town (or equivalent officials in the counties, cities, and towns having alternate forms of government) in which the Company offers service. Service shall be made by first-class mail or delivery to the customary place of business or to the residence of the person served.

(17) At the commencement of the hearing scheduled herein, the Company shall provide the Commission with proof of notice as required by paragraphs (15) and (16) of this Order.